

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 645 – HB 1728

April 22, 2009

SUMMARY OF AMENDMENT (006540): Requires the Commissioner of Finance and Administration to implement at least five of the eight enrollment enhancement options in both CoverKids and TennCare under the Children's Health Insurance Program Reauthorization Act of 2009 [§ 203 of Public Law 111-3, 42 U.S.C. § 1396a(e)] by September 30, 2009.

FISCAL IMPACT OF ORIGINAL BILL:

Increase State Expenditures - \$1,115,750/FY09-10
\$80,850/FY10-11
\$27,500/Recurring

Increase Federal Expenditures - \$1,215,750/FY09-10
\$80,850/FY10-11
\$79,000/Recurring

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

**Increase State Expenditures - \$1,115,800/FY09-10
\$80,900/FY10-11
Exceeds \$258,600/Recurring**

**Increase Federal Expenditures - \$1,215,800/FY09-10
\$80,900/FY10-11
Exceeds \$741,400/Recurring**

Assumptions applied to amendment:

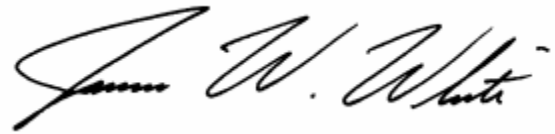
- The eight enrollment enhancement options available are no asset test to qualify; no face to face interview to enroll; a 12-month continuous enrollment; presumptive eligibility; administrative or ex parte renewals; joint application for Medicaid and SCHIP programs; express lane eligibility; and premium assistance.

- According to the Department of Finance and Administration, the CoverKids program currently meets the criteria for four of the eight options. For the program to establish criteria for additional enrollment options, the Department will incur an increase in expenditures due to changes in its contract for eligibility determination.
- The state is under contract with Policy Studies, Inc. for eligibility determination, records and enrollment reporting for the CoverKids program. The Department estimates a one-time increase in expenditures of \$200,000 to adjust the core components of the integrated eligibility system.
- The CoverKids program receives an approximate 75 percent federal match rate. Of the \$200,000, \$50,000 will be state funds and \$150,000 will be federal funds.
- The Bureau of TennCare currently meets the criteria for one enrollment enhancement option. The Bureau of TennCare would incur an increase in expenditures for changes to its eligibility determination program.
- Currently, the Department of Human Services is responsible for all eligibility determinations for the TennCare. DHS estimates a one-time increase in expenditures of \$808,500 for 12,250 hours of analysis, design, programming, and testing at a rate of \$66 per hour for changes to the ACCENT program. DHS also estimates expenditures of \$161,700 for 2,450 hours of annual maintenance.
- The annual maintenance will only be required through the life of the ACCENT program. DHS is currently in the process of constructing the VIP system which will take the place of the ACCENT program. The VIP system is at least a year away from implementation. It is assumed that the \$161,700 in annual maintenance for the ACCENT program will only be needed in FY10-11.
- The Department estimates a one-time increase in expenditures of \$1,323,000 for approximately 12,250 hours to analyze, design, construct, and test the new functionality of the VIP system at a rate of \$108 per hour.
- The systems changes for the TennCare program will receive an administrative 50 percent match. The \$2,131,500 (\$808,500 + \$1,323,000) in FY09-10 changes will result in \$1,065,750 in one-time state funds and \$1,065,750 in one-time federal funds. Of the \$161,700 in FY10-11 maintenance costs, state funds will be \$80,850 and the federal funds will be \$80,850.
- Any increase in enrollment will result in an increase in expenditures to provide services to the new enrollees in the CoverKids Program and TennCare. It is not possible to determine the actual increase in enrollment that the programs will have. It is reasonably estimated that any increase in enrollment will result in an increase in expenditures which exceeds \$1,000,000.

- The CoverKids program will receive an approximate 75 percent federal match rate and the TennCare program will receive an approximate 74.138 percent federal match rate for these services.
- It is estimated that of the increase of an amount exceeding \$1,000,000, at least \$258,620 will be state funds at a rate of 25.862 percent and at least \$741,380 will be federal funds at a match rate of 74.138 percent.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly legible, and "W." in the middle.

James W. White, Executive Director

/kml